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Chief, Physical Security Division, OG

Security Requirements For Classified Contractors

DOC	REV DATE	2-5-83 BY	505-699
ORIG COMP	OPR	31	TYPE 620C
ORIG CLASS	PAGES	319	REV CLASS
JUST	NEXT REV	20/02	AUTHI MM 10-2

1. This is in reply to your memorandum of 12 June 1956 requesting security guidance concerning the requirements for storage of classified material in the custody and possession of the Agency's classified contractors. CIA Regulation 45-550 on "Classified Contract Security" sets forth the general principles for the protection from unauthorized disclosure of matters relating to classified contract procurement of supplies and services. Such regulation provides for prior security clearance of contractor personnel who will be or may become cognizant of the classified aspects of the contractual relationship; for the obtaining of secrecy agreements prior to the disclosure of classified information; for the determination, through inspection of facilities, that the contractor has or will establish adequate physical security safeguards for the protection of classified information; for security briefings of contractor personnel; and for inclusion in the contract of "Security Requirements For Contractors." It is the combination of these various measures which protect the classified information and material which must be given to and left with the contractor, and the safe or other repository in which classified material is stored is only one of the features of security protection.

2. The "Contractor's Security Agreement," which is a form of secrecy agreement, and the "Security Requirements For Contractors," are mimeographed forms prepared by your office and revised from time to time with the approval or concurrence of the Office of Security. The current "Contractor's Security Agreement," which should be executed before any classified information is divulged to the contractor, provides that the

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contractor "is responsible for safeguarding classified matter ...in accordance with instructions furnished or to be furnished by the Contracting Officer," and that "the Contractor will comply with 'Security Requirements for Contractors' if he intends to engage in classified business with the Agency."

3. The current "Security Requirements For Contractors" has the statement that the contractor "will provide such protective measures as are considered appropriate by the Contracting Officer," and lists certain requirements "considered to be the minimum to afford adequate protection." Such minimum requirements include access to the facility, guards, etc., and state: "Classified documents, material or equipment... must be stored in vaults, safes or cabinets which are locked with 3-way combination locks or approved equivalent. Guards or other acceptable protective measures shall be provided for classified items which are required to be so stored but which are too large to be contained in safes or vaults...If approved storage facilities described above are not readily available or if it is impracticable to procure them, the Contracting Officer should be notified immediately in order that specific attention may be given to the problem."

4. On 30 December 1954 your office submitted for security review a proposed revision of the "Security Requirements For Contractors," and on 9 February 1955 we replied giving suggestions and recommendations. Such proposed revision would have expanded the current form into giving considerable detail on each separate aspect of contractor security. The general recommendation in our reply was that, instead of such treatment, you retain the general terminology of the current form, and implement it by specific instructions to apply to particular cases. We did comment, however, on each detailed statement in the proposed revision, and suggested that our comments might be used by your office as security standards. We advised that the proposed section on "Storage" should read as follows:

"a. The contractor will not be eligible for the receipt of classified information in connection with pre-contract negotiations, submission of bids, etc., or for

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the award of a contract and the performance thereunder will he has adequate storage facilities. Listed below are the minimum storage requirements:

"(1) TOP SECRET. Top Secret information while not in use will be stored:

"(a) In a concrete or masonry vault which has been approved by a security representative of this organization and which is protected by a central station automatic electric alarm system, which if activated would be responded to by the local police or armed guards in not more than ten (10) minutes, or:

"(b) In a security approved receding door type safe cabinet equipped with a manipulation resistant combination lock, provided that:

"((1)) The area or safe is protected by a central station automatic electric alarm system which if activated can be responded to in not more than ten (10) minutes and is covered by regular armed guard patrols at least once each hour, or:

"((2)) The safe is under the constant and continuous protection of an armed guard who is required to make at least hourly contact by telephone or radio with a central headquarters.

"(2) SECRET and CONFIDENTIAL. Secret and Confidential information while not in use will be stored:

"(a) As in (1) above, or:

"(b) In a security approved fire resistant four (4) drawer type file cabinet equipped with a manipulation resistant combination lock, if:

"((1)) The area or safe is protected by an electric alarm system which if

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activated can be responded to in not more than ten (10) minutes by an armed guard or local police, or:

"((2)) The immediate area or safe is under the constant and continuous protection of an armed guard who is required to report hourly to a central station, or:

"((3)) The contractor has regularly organized and trained armed guard group from which a guard patrols the area or safe at least once an hour and a record of each patrol is maintained by Detex watch clock system or other mechanical device for providing supervision of such patrols.

"b. Bulk Materials: When it is impractical to store classified material because of its nature or size in accordance with the provisions of paragraphs (1) or (2) above, the contractor shall safeguard such material by providing a secure storage area as directed by the contracting officer.

"(1) Supervision of storage containers. Safes and vaults in which classified information is stored shall be kept locked when not under the direct supervision of an authorized person officially entrusted with the combination or the contents. Only a minimum number of authorized persons should possess the combinations.

"c. The contracting officer reserves the right to require additional measures when considered necessary in support of a given classified project."

5. The foregoing still constitutes a standard you could follow in determining whether or not the facilities of a contractor are adequate to give necessary physical security protection for the storage of classified material. There is one change since the preparation of such previous memorandum, and this would concern at present only TOP SECRET material, which we understand is involved in only a very limited number of contract cases. More recent developments in safe cabinet construction, and knowledge of similar developments in methods of

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7. In granting approval for the use of any type of safe filing cabinet which does not meet the standards of the best available equipment, we would not be "relaxing requirements," as you ask us to consider. Rather, any such approval would be based upon the total of security measures available to give the required degree of protection. Basically, a safe should be so heavy, or so affixed to building construction features, that it cannot readily be removed by unauthorized persons; it should be so built and so equipped with locking devices as to provide the best available means of protecting it against unauthorized opening; it should be placed in such a location, and have such additional protection by guard services and/or alarm devices, as will permit the thwarting of any attempt to gain unauthorized access to its contents.

8. No other type of reply is possible as to what is the "minimum requirement for safes." The requirement always must depend upon the particular circumstances and the other security measures which are provided or are available. As to your further suggestion on the working out of a numerical equivalent system similar to those which AFC uses on some aspects of security, we would be pleased to review and consider any such system you might develop. In general, we arrive at our results by a somewhat comparable system of considering the total of all the security features and matching them against the degree of security required in each particular case. We have not been able to systematize this into any mathematical formula because of the extremes of variation in the circumstances under which our security problems arise. Differing from us, AFC has relatively standard problems, with relatively few types of facilities and contractors to consider. We refer to the AFC formulas when appropriate, but seldom have been able to apply or adapt them to our field of work.

9. You request that we consider the fact that requiring contractors to have equipment differing from the Department of Defense standards is inconsistent with our "agency sterile" concept. We have considered this, and do not believe it is inconsistent with either requirements or proper practices. There are various aspects to this matter, and the first is that, pre-scinding from operational requirements, the legal requirement (in the basic act which created the Agency) makes us responsible for protecting methods from unauthorized disclosure, and this is an added requirement over and beyond the requirements for the protection of classified material (in Executive Order No. 10501).

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which normally is all that the Department of Defense has to meet. The second aspect is that if our procurement is to look exactly like that of Department of Defense, then Interdepartmental Procurement should be utilized rather than classified procurement. Also, if the contractor is required to adhere to proper security measures and practices, sterility still should be achieved whether the safe in which the documents are kept is similar to or differs from those with papers of other government departments. Further, while most frequently it is desirable from a security standpoint to have the necessary security measures as unobtrusive as possible, the necessary degree of security cannot be sacrificed on the argument that the application of the measures makes apparent that there is something being protected.

10. The second specific question in your memorandum is as to whether or not safe or other security requirements are to be "extended" to prospective bidders on Agency classified contracts. The answer to this question is definite. No classified documents or material can be sent to any firm or to anyone else unless and until it has been determined that the person or firm either has or will establish adequate physical security safeguards for the protection of the classified material. Executive Order No. 10501 provides that "possession or use of classified defense information or material shall be limited to locations where facilities for secure storage or protection thereof are available by means of which unauthorized persons are prevented from gaining access thereto." Agency regulation 45-550 provides for the prior security clearance, execution of secrecy agreements, security briefings, and determination of adequate physical security safeguards for the protection of classified material, and this applies to prospective contractors as well as to actual contractors.

11. The statements in Paragraph 4 of your memorandum are disturbing, and raise questions as to the possibility of insecure practices which, if they actually exist, should be discontinued immediately. If classified documents or material are being sent to prospective bidders without a proper determination by your office that the firm or person has adequate physical security facilities for their protection, this is a practice which has not previously been brought to the attention of this office. Your suggested solution that they "certify they have safe keeping equipment meeting our standards" would not be adequate, but rather

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your office should know what the equipment and other security measures are and make your own determination. The possible excuse of "urgency" is not understood; the contractor personnel have to be security cleared before given any classified information, and the normal period of time required for this should give sufficient opportunity for the security inspection of facilities. A firm or person lacking adequate facilities for the necessary security protection of classified material, is not eligible to receive classified contracts of this Agency.

12. The suggestion that Department of Defense standards be accepted as to prospective bidders, and that only if they become actual contractors they be required to comply with our security standards, is not to be followed. No classified data can be given anyone, either prospective bidder or contractor, unless and until he or it meets our security standards. It is our understanding that in the greater portion of classified contracts the only matter which is classified is the Agency interest in or connection with the articles or services being procured under the contract. If that association is divulged to unauthorized persons, or is not given required security protection, at the outset, then the security compromise has already occurred and the later security protection of the details of the working of the contract does not remedy the compromise. Security protection of all negotiations leading to a contract is of as great importance as that of the working under the contract.

13. We suggest that you make further inquiry into the practice of dealing with prospective bidders, and thereafter take up the matter in detail with this office. With our present limited knowledge of the situation, we do not see any insurmountable security problems but, rather, are inclined to believe that the application of proper security practices can correct any present insecure procedures.

14. Your third specific question is as to what policy should be followed when either a prospective or actual contractor refuses to meet our security requirements. The answer to this appears obvious - a prospective contractor is ineligible to receive the award of a contract, and a present contractor has violated his contract with the Agency, which always must include our security requirements. The remedy similarly is obvious, in that the prospective contractor cannot be given any classified

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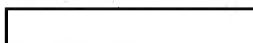
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material, and the present contractor should have his contract terminated and all classified data taken back from him. but we do not believe that this situation can arise as to present contractors, for there should have been no classified contract awarded, nor any classified data delivered, unless and until their facilities met our security requirements.

15. What type of safe would be acceptable as meeting security requirements, as we have tried to explain in the first part of this memorandum, depends upon the particular circumstances and upon the other security features and measures which the contractor may have, or would be required to obtain or adopt. In general, the type of safe filing cabinet required almost always would be similar to the ones used generally in this Agency. But many contractors, or firms which are prospective contractors, would have regular office safes or vaults for the protection of their own money, documents, and materials, or could have access to some other form of secure repository and, upon review of the entire situation, these might meet our security requirements, or could be adapted to meet them. If the safe or other storage repository is not up to our standards, there may be further protection measures which could cause a determination that it meets security requirements.

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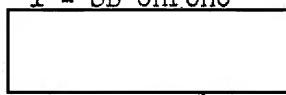


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*Submitted to DDCB 11 July 1966*

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